

Todd A. Coomes
302-651-7507
Coomes@rlf.com



May 30, 2018

VIA DELA-FILE

Donna Nickerson
Delaware Public Service Commission
Suite 100, Cannon Building
861 Silver Lake Boulevard
Dover, DE 19904

**Re: *In the Matter of the Application of Tidewater Utilities, Inc. for Approval
Pursuant to 26 Del. C. 215 to Enter into a Long-Term Debt Obligation***
Notice of SRF Loan Closing
PSC Docket No. 18-0125

Dear Ms. Nickerson:

In accordance with DE PSC Order No. 9196 in the above-referenced docket, Tidewater Utilities, Inc. notifies the Commission and Staff that the approved SRF Loan closed on May 11, 2018 and there were no material changes to the financing under the SRF Loan from those submitted to the Commission. Attached is the Opinion of Counsel provided in connection with the SRF Loan closing.

Sincerely,

Todd A. Coomes

Enclosure

cc: Robert Willard (via email)
Thomas D. Walsh (via email)
Amy Woodward (via email)
Connie McDowell (via email)
Regina A. Iorii (via email)
Jay Kooper (via email)
A. Bruce O'Connor (via email)



May 11, 2018

Delaware Department of Health & Social Services
Division of Public Health
Office of Drinking Water
Jesse Cooper Building
417 Federal Street - Room 226
Dover, DE 19901
Attn: DWSRF Program Director

**Re: Tidewater Utilities, Inc. - \$933,300.00 General Obligation Bond (Holiday
Pines Water Distribution System Project) Series 2018-SRF**

Ladies and Gentlemen:

We have served as special Delaware counsel to Tidewater Utilities, Inc., a Delaware corporation (the "Company"), in connection with the execution and delivery by the Company of (i) its General Obligation Bond (Holiday Pines Water Distribution System Project) Series 2018-SRF, dated May 11, 2018 in the maximum aggregate principal amount of up to \$933,300.00 (the "Bond"), in favor of the Delaware Drinking Water State Revolving Fund (acting by and through the Delaware Department of Health and Social Services, Division of Public Health) (the "Fund") and (ii) the Financing Agreement dated as of May 11, 2018 (the "Financing Agreement"), between the Company and the Fund.

The Bond is being issued for (i) the installation of a new distribution system, which includes the installation of approximately 3,900 feet of 6 inch PVC water main, valves, fire hydrants, meters, and service laterals; the replacement of the source water with a main extension from the Company's existing service area to a 65-home residential community; and the installation of approximately 4,500 feet of 12 inch PVC water main, valves and hydrants (the "Project") and (ii) if desired, to pay certain administrative costs and costs of issuing the Bond.

For purposes of rendering the opinions set forth herein, we have examined executed originals or copies of each of the following documents:

- (a) the Bond;
- (b) the Financing Agreement;

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- (c) the Organizational Documents (as defined below);
- (d) Order No. 9196 PSC Docket No. 18-0125 of the Delaware Public Service Commission (the "Commission") dated March 13, 2018.
- (e) an Officer's Certificate of Jay L. Kooper, the Secretary of the Company, and A. Bruce O'Connor, the Treasurer of the Company, a copy of which is being delivered to you (the "Officer's Certificate"); and
- (f) an opinion of Jay L. Kooper, Esquire, counsel to the Company (a copy of which is being delivered to you) on which we have relied as to the matters discussed therein which are covered in paragraphs 1 through 3 below.

Documents listed above as (a) and (b) are referred to herein collectively as the "Loan Documents". Documents listed above as (a) through (f), inclusive, are referred to herein collectively as the "Transaction Documents".

"Organizational Documents" mean the Certificate of Incorporation of Tidewater Utilities, Inc. (the "TUI Certificate of Incorporation") filed with the Office of the Secretary of State of the State of Delaware (the "Secretary's Office") on December 20, 1991, the Certificate of Incorporation of Midwater Corp. (the "Midwater Certificate of Incorporation") filed with the Secretary's Office on December 20, 1991, a Certificate of Merger of the Company and Midwater Corp. (the "Certificate of Merger") filed with the Secretary's Office on October 20, 1992, a Certificate of Ownership and Merger of Public Water Supply Company into and with the Company (the "Certificate of Ownership," together with the TUI Certificate of Incorporation, the Midwater Certificate of Incorporation and the Certificate of Merger, collectively the "Certificate") filed with the Secretary's Office on February 1, 2000, the Bylaws of the Company, the Certificate of Good Standing of the Company issued by the Secretary's Office dated May 7, 2018 and the Consent of the Board of Directors of the Company, dated as of February 15, 2018 relating to the Project.

In our examination of the documents listed above, we have assumed (i) the genuineness of all signatures, the authenticity of all documents submitted to us as original, the conformity of all documents submitted to us as copies to the original of such documents and the legal capacity of those executing the documents; (ii) the due formation or organization, valid existence and good standing of each entity (other than the Company) that is a party to the documents examined by us under the laws of the jurisdiction of its formation or organization; (iii) that each of the documents was duly authorized, executed and delivered by each of the parties thereto (other than the Company); (iv) that each of the documents examined by us constitutes the legal, valid and binding obligation of each of the parties thereto (other than the Company), enforceable against each party in accordance with its terms; (v) that the documents examined by us are in full force and effect and have not been modified, supplemented or otherwise amended; and (vi) that any remedy set forth in the Loan Documents will be availed of in accordance with applicable procedures of law (including sales procedures) and in a commercially reasonable manner. As to

any facts material to our opinions expressed herein, other than those assumed, we have relied upon the Officer's Certificate.

This opinion is limited to the laws of the State of Delaware (excluding the antitrust, "blue sky," trademark, copyright, securities, patent, land use, export, safety, environmental, hazardous materials, insurance company, banking and tax laws of the State of Delaware), in each case that in our experience are normally applicable to unregulated business entities and to transactions of the type contemplated by the Loan Documents, and we have not considered and express no opinion on the laws of any other jurisdiction, including laws of and regulations of any county, municipal or other local jurisdiction in the State of Delaware nor federal laws and rules and regulations relating thereto. Our opinions are rendered only with respect to Delaware laws and rules, regulations and orders thereunder which are currently in effect. We undertake no obligation to advise you of facts or changes in law occurring after the date of this opinion letter that might affect the opinions expressed herein. To the extent the matters covered hereby relate to the laws of any other jurisdiction, we have not consulted with legal counsel who are experts with respect to such laws, and we express no opinion on the laws of such jurisdiction(s) or on the extent to which the application of the laws of such jurisdiction(s) might affect the opinions expressed in this opinion letter. While certain members of this firm are admitted in other jurisdictions, we have not examined the laws of any jurisdictions other than the State of Delaware, or consulted with members of the firm who are admitted in other jurisdictions with respect to the laws of any such jurisdictions.

Based upon the foregoing and subject to the limitations, qualifications and assumptions set forth herein and limited in all respects to matters of Delaware law, it is our opinion that:

1. The Company has been duly incorporated and is validly existing, in good standing as a corporation under the laws of the State of Delaware and the General Corporation Law of the State of Delaware, 8 Del. C. § 101, et seq. ("GCL"), and the Company has all requisite power and authority under the GCL and the Organization Documents to execute and deliver the Loan Documents and to perform its obligations thereunder.

2. Neither the issuance and sale of the Bond by the Company nor the execution, delivery and performance of the Company's obligations under the Bond and the Financing Agreement violate or constitute a default under any provision of (i) the Organization Documents, (ii) to our knowledge, any statute or any rule, order, regulation, judgment or decree of any court, agency or other governmental or administrative board or body to which the Company is subject, or (iii) to our knowledge, any provision of any indenture, mortgage, deed of trust, agreement or other instrument to which the Company is a party or by which the Company or any of its properties is bound.

3. The Loan Documents have been duly authorized, executed and delivered by the Company and constitute legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, except as such enforceability would be limited by (i) bankruptcy, insolvency, reorganization, receivership, fraudulent conveyance,

moratorium or other laws of general application relating to or affecting the enforcement of creditors' rights and remedies, as from time to time in effect, (ii) applicable equitable principles whether or not such principles are enforceable in equity or law, and (iii) principles of course of dealing or course of performance and standards of good faith, fair dealing, materiality and reasonableness that may be applied by a court to exercise of rights and remedies.

Based solely on an inquiry on May 9, 2018, limited to, and solely to the extent reflected on the results of computer searches of court dockets in (a) the File & ServeXpress file system for active cases of the Court of Chancery of the State of Delaware and of the Superior Court of the State of Delaware in and for New Castle County, Sussex County and Kent County Delaware, and (b) the Webpacer efile system of the United States District Court for the District of Delaware, and of the United States Bankruptcy Court sitting in the State of Delaware, we are not aware of any legal or governmental proceeding pending in those courts against Borrower.

The opinions set forth herein are subject to the following qualifications:

A. The exercise of certain rights and remedies under the Loan Documents may require the prior approval of the Commission or otherwise may be restricted by Title 26 of the Delaware Code and rules and regulations promulgated thereunder.

B. We express no opinion with respect to any provision of any of the documents examined by us that (i) imposes penalties or forfeitures, (ii) requires the payment of attorneys' fees in excess of the limitation set forth in Section 3912 of Title 10 of the Delaware Code or (iii) purports to require that waivers be in writing, or which purports to provide that the failure to exercise, or a delay in exercising rights or remedies will not operate as a waiver of the right or remedy.


C. We express no opinion with respect to any documents or the provisions of any documents which are incorporated by reference into those documents and for purposes of the opinions rendered above, we have assumed that any such documents or the provisions of any such documents incorporated by reference into the documents constitute the legal, valid and binding obligations of the parties thereto, enforceable against the parties thereto in accordance with their respective terms.

D. The opinion regarding "good standing" contained in paragraph 1 of this opinion letter is based solely upon the Certificate of Good Standing included in the Organization Documents.

In basing the opinions set forth in this opinion on "our knowledge," the words "our knowledge" signify that, in the course of our representation of the Company, no facts have come to our attention that would give us actual knowledge or actual notice that any such opinions or other matters are not accurate. Except as otherwise expressly stated in this opinion to the contrary, we have undertaken no investigation or verification of such matters. Further, the words "our knowledge" as used in this opinion are intended to be limited to the actual knowledge

of the attorneys within our firm who have been directly involved in representing the Company in connection with the Loan Documents.

This opinion is based upon our understandings and assumptions as expressed herein and on our review of the above-referenced documents and applicable Delaware law as the same exist as of the date hereof, and we undertake no obligation to update or otherwise supplement this opinion after the date hereof for the benefit of any person or entity. The opinions as set forth herein are solely for the benefit of the addressee hereof in connection with the transactions contemplated hereby and may not be relied upon by any other person or any other entity or for any other purposes.

Very truly yours,


STT/AR/SWL